
6. INDUSTRY OVERVIEW AND FUTURE PLANS

6.1 INDUSTRY OVERVIEW

6.1.1 Overview of the Malaysian Economy

The Malaysian economy remains resilient despite moderation in the growth of global economy amidst high oil prices and less accommodative monetary policy, particularly in the USA. The nation continues to sustain its growth momentum, with strong domestic demand providing the impetus for the expansion in domestic economic activities.

Economic fundamentals have further strengthened while domestic demand continued to be resilient amidst firm consumer spending as well as continued uptrend in private investment activities. These factors, coupled with pro-active measures by the Government to promote economic activities provided the enabling environment for the Malaysian economy to expand favourably, albeit at a lower rate of 4.9% in the first half of 2005, compared with 8.1% during the same period of 2004. Despite sharp increases in oil prices, the Malaysian economy is expected to register 5.1% growth for the year averaging 5%. This projection is premised on a growth of 4.8% in the Leading Index for January to June 2005 which indicates continued expansion in the second half of 2005. Growth is expected to be broad based with major sectors recording positive growth, backed by recovery in global electronics demand. The continuing build-up in international reserves arising from larger current account surplus and inflows of foreign capital has also strengthened domestic macroeconomic fundamentals.

The expansion in the economy is reflected by positive growth in all sectors, except construction. The main drivers of growth are the services, manufacturing and the primary commodity sectors. Strong domestic consumption is expected to drive the services sector, especially in wholesale and retail trade, hotels and restaurants; transport, storage, and communication; and financial services sub-sectors. The recovery of global electronics demand will accelerate manufacturing exports, resulting in a stronger momentum in manufacturing production in the second half of the year. Meanwhile, stable commodity prices will help sustain the growth momentum of the agriculture sector. Growth in private consumption remains firm, arising from higher household income. Private investment is expected to further strengthen, reinforced by continued accommodative and more flexible monetary policy as well as higher inflow of foreign direct investments ("FDI").

In tandem with the expansion in economic activities, national income as measured by Gross National Product ("GNP") is estimated to increase by 9.1% to RM463,546 million (2004: 14.1%; RM425,060 million), with per capita income rising by 6.8% to reach RM17,741 (2004: 11.7%; RM16,616). Based on purchasing power parity ("PPP"), per capita income is expected to increase by 7.2% to USD10,323 (2004: 7.4%; USD9,630).

(Source: Economic Report 2005/2006)

6. INDUSTRY OVERVIEW AND FUTURE PLANS (CONT'D)

6.1.2 Economic Outlook

The year 2006 will face greater challenges arising from high oil prices, tightening monetary policies especially in the USA, widening global imbalances as well as continued geo-political tensions and security concerns. Nevertheless, given the resilience of major economies, the global economy is expected to expand at 4.3%, supported by China and the USA. Economic growth in China is forecast to continue, but at a slightly lower rate of 8.2%, providing the impetus for growth in Asia in general and the ASEAN region in particular, while the USA is projected to register a growth of 3.3%. In Japan, growth is projected to be firm at 2% as deflation eases and domestic demand sustains.

Economic activity in the euro area is also expected to improve, although uneven across the region, at 1.8%. The expected improvement is on account of favourable financing conditions, rise in business confidence amid signs of recovery in the services and manufacturing sectors and a strong external sector. As for the UK, growth prospects are envisaged to improve by 2.2% with the services sector spurring growth, supported by a more accommodative monetary policy.

The Malaysian economy is expected to maintain its growth momentum in 2006 in line with sustained private sector activities, favourable external environment and Malaysian Government's continuing efforts to further diversify the economy through new sources of growth. Growth is expected to be broad-based with expansion in all sectors, driven by private investment spending and strong activities in the services sector. Accordingly, real GDP growth is forecast to expand by 5.5% in 2006 and per capita income envisaged to rise further by 7.1% to RM18,995 (2005: 6.8%; RM17,741). In terms of purchasing power parity, per capita income will increase by 6.9% to USD11,030 (2005: 7.2%; USD 10,323).

All sectors are projected to record positive growth with manufacturing and services sectors continuing to be the key drivers of growth. The manufacturing sector is expected to grow at a higher rate following the strengthening of global electronics demand and the continuing strong pace of domestic economic activities. The services sector will continue to strengthen with all sub-sectors recording positive growth. Growth in the services sector is expected to be supported by continued expansion in new services activities such as information and communication technology-related and business outsourcing services, as well as private healthcare and education services. The agriculture sector is projected to continue on its expansion path, on account of continuing efforts to diversify and modernise the sector, particularly the production of food commodities to help reduce high imports. The construction sector is envisaged to stage a turnaround, boosted by the commencement of new infrastructure projects under the Ninth Malaysia Plan.

Prospect of the services sector remains buoyant with growth estimated stronger at 6.1% (2005: 5.5%). Growth is expected to emanate from sustained activities across major sub-sectors. The transport, storage and communication sub-sector is anticipated to continue to record strong growth, benefitting from capacity expansion of airlines and investment by telecommunication companies. Expansion in domestic tourism and trade-related activities supported by rising income will contribute to higher growth in the wholesale and retail trade, hotels and restaurants sub-sector. Increased bank lending and other financial activities will boost growth of the finance and insurance sub-sector.

(Source: Economic Report 2005/2006)

6. INDUSTRY OVERVIEW AND FUTURE PLANS (CONT'D)

6.1.3 Communications Sector

The convergence of the telecommunications, broadcasting and computing technologies enabled the telecommunications infrastructure network to support the growth of information and communications technology and multimedia applications. In addition to the wired infrastructure, capacity for wireless transmission was greatly boosted with the operation of Malaysia's own satellites.

To enable the MSC to provide the best environment for new advancements in the ICT industry, a 386 route-kilometre high speed broadband fibre-optic cable was installed linking Kuala Lumpur City Centre, Putrajaya and Cyberjaya to Kuala Lumpur International Airport. This backbone network has a capacity of 2.5 gigabits per second ("Gbps"), which is upgradeable to 10Gbps for transmission of high speed, broadband multimedia applications. This network utilises advance switching technology such as the asynchronous transfer mode and is linked internationally through both fibre optic cables and satellite connections. The MSC is thus capable of supporting services such as Virtual Local Area Network for group computing over a wide area and multimedia workstations with interactive services including e-commerce, home shopping, video library retrieval and video-on-demand.

As a measure to reduce the digital divide, efforts were undertaken to ensure equitable access to communications and hence information throughout the country. Towards this end, the Communications and Multimedia Commission completed a study on Universal Service Provision ("USP") in December 2000. The main objective of the study was to identify measures to extend communications services to high-cost areas and low income groups.

(Source: The Eighth Malaysia Plan 2001-2005)

The communication industry continued to record strong growth of 9.7% in the first half of 2005 (January to June 2004: 10.1%), resulting from rapid expansion in mobile phone usage, Internet and broadband services. As at end June 2005, mobile phone subscribers rose by 33.5% to reach 16.6 million users (end June 2004: 12.4 million), registering a 63.3% penetration rate. The intrinsic features of mobile phones with frequent introduction of new and innovative uses and cheaper mobile phones, which are in sync with current lifestyles, continue to enhance its popularity as a communication tool. Competitive charges and rates for postpaid and prepaid lines and SMS, multimedia applications as well as widespread and innovative use of SMS, further encourage the usage of mobile phones. SMS increased significantly to 7,394 million in the first half of 2005 (January to June 2004: 4,084 million).

As at end June 2005, the number of Internet subscribers rose by 14.5% to reach 3.6 million (end June 2004: 3.1 million) and Internet users also increased by 14.5% to reach 10.7 million, accounting for 41% of the total population (end June 2004: 9.4 million; 36.6%). Meanwhile, broadband services rose markedly by 103.2% to reach 353,978 subscribers (end June 2004: 174,234), in line with the progress made towards a knowledge-based society and economy.

(Source: Economic Report 2005/2006)

6. INDUSTRY OVERVIEW AND FUTURE PLANS (CONT'D)

6.1.4 Stockbroking Industry

Bursa Securities, which staged a rally in the fourth quarter of 2004, extended its favourable performance into 2005 with the benchmark Kuala Lumpur Composite Index ("KLCP") breaching a four and half-year high at 937 points in January 2005.

Investors also responded positively towards the Malaysia Government's decision to lift the ringgit peg with the KLCI surging to a five year high to close at 952.59 points on 3 August 2005, with market capitalisation of RM738.9 billion. The upward trend, however, could not be sustained, as concerns over the impact of record high oil prices on economic growth led to more cautious sentiments in global and regional stock markets. The KLCI closed at 921.99 points on 16 September 2005 with a gain of 1.6%.

Trading on Bursa Securities was higher at 74,817 million units in the first eight months of 2005 (January-August 2004: 72,323 million units). The market attracted higher foreign participation, accounting for 34.5% of trading activity during the period. Foreign funds were encouraged by several positive developments including the resilience of the Malaysian economy, the ongoing reform of government-linked companies ("GLCs") and further liberalisation in financial services.

(Source: Economic Report 2005/2006)

6.1.5 Capital Market Master Plan

The Capital Market Masterplan ("CMP") launched in 2001, entered its second phase of implementation in 2004. In Phase II of the CMP (2004-2005), efforts will be geared towards further strengthening key sectors in the capital market, promoting market efficiency through the usage of technology in market processes and further liberalising market access. As at end July 2005, 63% of the 152 CMP recommendations have been fully implemented while the remaining recommendations are still in progress.

In efforts to further strengthen domestic intermediaries, branching restrictions and capital framework have been further relaxed enabling stockbroking companies to offer the full range of corporate advisory services. Meanwhile, the domestic investment management industry has bright prospects with the recently relaxed investment rules allowing investment companies to invest aboard up to 30% of net asset value of resident funds as well as the increase in the amount of Employees Provident Funds outsource to local fund management to RM6 billion over the next three years. Investment restrictions for the takaful industry have also been liberalised to facilitate greater mobilisation of takaful funds into the Islamic capital market.

To further enhance the position of Malaysia's capital market in the global financial landscape, the Malaysian Government has permitted greater foreign participation in the stockbroking, futures broking, fund management and venture capital industries. As at 23 September 2005, two foreign stockbroking companies have commenced operations, while the other three are expected to do so by year end. Meanwhile, one foreign fund management company has also started its operations in the domestic market.

(Source: Economic Report 2005/2006)

6. INDUSTRY OVERVIEW AND FUTURE PLANS (CONT'D)

6.1.6 Malaysian Online Share Trading

ACNielsen Consult Online's Financial Services Report for Malaysia was used as the reference to gauge past growth in online consumer markets. It provides quantitative market analysis on Internet banking and other online financial-related activities on a bi-annual basis. It also covers Internet banking activities and attitudes of Regular Internet Users (defined as Malaysian Internet Users who use the Internet at least once a week) for the stipulated timeframes.

It was projected in the ACNielsen Consult's 13th Malaysian second half 2004 Online Financial Services Report that there were 1,082,000 Regular Internet Users in Malaysia at that point in time. Regular Internet Users are a more realistic representation of the market potential for Internet-based e-commerce because of their readiness in terms of access availability and frequency of use, to conduct activities online.

Out of this pool of Regular Internet users, it is projected that 14% trade in shares either offline or online or both. This translates to an estimated total amount of 156,000 people in Malaysia who are Regular Internet users and also share traders. In relation to this group of 156,000 people, 24% are defined as online share traders, being those Regular Internet Users who have a share trading account are currently trading shares over the Internet. This translates to an estimated total of 37,000 online share traders and can be seen as the ready and existing market for our products. On the other hand, the remaining pool of 119,000 who are Regular Internet Users, who are also share traders but have not traded online can be seen as the potential pool for conversion into online share traders.

From 2000 to 2004, generally, there has been a consistent growth trend in relation to the existing pool of online share traders in Malaysia. The exceptions being the negative growth noted in second half of 2001 and first half of 2003 were due to the impact of the terrorist attacks in the U.S. on September 11, 2001 and SARS respectively on the general world and national economies. There were also slight decreases noted in 2004, which was mainly attributed to the impact of rising world oil prices. For both of the periods, 2001 and 2002, it was also observed that average daily volume traded in Bursa Securities were at RM225.2 million and RM254.0 million respectively. In 2003, the average daily volume almost doubled to RM456.0 million and saw a significant half yearly growth of 53.6% on online share traders from previous period, first half of 2003. Activity has since slowed down slightly. This is mainly attributed to the impact of rising world oil prices. However, this was somewhat insulated by the Malaysian Government's subsidies on oil prices.

(Source: ACNielsen Consult's Malaysian Online Share Trading Market Assessment dated 29 July 2005)

Note:

With reference to Section 6.1.6 above, the information were extracted from the report purchased from AC Nielsen Consult and were not specifically prepared for the inclusion in this Prospectus.

6. INDUSTRY OVERVIEW AND FUTURE PLANS (CONT'D)

6.2 RELEVANT LEGISLATION AND GOVERNING AUTHORITIES

The products offered by us presently fall under the list of exempted application services set out in the Communications and Multimedia (Licencing) (Exemption) Order 2000, and we are therefore not required to apply for an ASP class licence or to be registered as an ASP class licence, except for the provision of messaging services to the public via SMSConnect™ version 2.0, which requires an ASP class licence from MCMC, the details of which are set out in Section 5.5.3 of this Prospectus.

The stockbroking companies which we provide solutions for, namely eBrokerConnect™, are subject to the ECOS guidelines, rules and regulations issued by Bursa Securities which are guidelines for the online trading of stocks. We have ensured that our solution is in compliance with the ECOS guidelines as required by Bursa Securities.

6.3 FUTURE PLANS AND STRATEGIES

6.3.1 Key Business Strategies

In order to achieve our Group's objectives, our Directors have identified the following strategies for the next five (5) years:

- (i) Business development strategies which focus on our expansionary plans to increase the number of brokers and banks in our panel and to further strengthen our position in Malaysia as a m-commerce service provider whilst continuing to enhance our services and products and to dominate the online brokerage ASP market sector in Malaysia;
- (ii) To have a more persuasive package of products and services based on competitive R&D strategies and continuous product enhancement and innovation; and
- (iii) To replicate our success in Malaysia and regionally, leveraging on accumulated competitive advantages, such as cost advantages and cumulative technology know-how.

6.3.2 Products R&D Strategy

The key business strategies deemed instrumental in achieving our Company's business objectives are presenting the market with a persuasive package of products and services based on competitive R&D strategies and continuous product enhancement and innovation. Our superior features and technological innovation become a central marketing strategy. We place a high level of emphasis on product development and R&D can be gauged from the generous and growing expenditure marked out for future R&D. In addition, our Group will also seek new business opportunities to diversify our R&D efforts to cater for other related and synergistic industries like commodities, futures indices, unit trust, stock options and other exchange traded products in the near future.

We have also identified few strategic products and services for development over the next 5 years:

- (i) PortfolioConnect Version 2.0 – An upgrade of the current PortfolioConnect to serve all trading clients and to include house trade and external trade monitoring;
- (ii) eESOSConnect – A system to provide maintenance, monitoring and tracking of ESOS entitlements for the use of public listed companies;

6. INDUSTRY OVERVIEW AND FUTURE PLANS (CONT'D)

- (iii) Mobile Chatting – Mobile chatting services which allow users to use their mobile phone to send/receive text, voice and picture messages across telcos and countries using the GPRS and 3G services offered by the respective telcos;
- (iv) Mobile Game - Fantasy game catering for subscribers to compete against each other using mobile phones operating on GPRS and 3G;
- (v) Mobile Payment - Mobile micro payment services which will work on most popular mobile phones;
- (vi) LiveConnect – A live video streaming of research analysts' stock market commentary and news briefing through multiple delivery channels such as Internet, PDA and mobile phones;
- (vii) CRMConnect – A customer relationship management system which is for the use of panel brokers' customer service personnel, remisiers and dealers; and
- (viii) HomeConnect – A system which caters for home entertainment and is equipped with live stock market information and trading capability.

6.3.3 Human Resource Strategies

We will develop an effective strategy to support and sustain the human resources growth by offering training programmes, competitive remuneration packages, flexible and conducive working environment and continuous upgrading of skills and enhancement of their knowledge. We have provided our staff with competitive remuneration packages and internal/external training to keep them abreast with the latest technology development.

6.3.4 Financial Strategies

We are planning to replicate the same business model regionally and to introduce more viable m-commerce solutions in the near future. The majority of the expenditure for the first 5 years of business operations will be on R&D which we believe will provide a competitive edge over of its competitors.

6.3.5 Marketing Strategies

We recognise that in order to bring about a significant increase in the rate of penetration of online share trading, the end-users must be convinced of the merits of online stockbroking over the conventional over-the-phone orders such as providing a lower transaction cost and superior application and service packages made possible by comprehensive R&D. We are also committed to delivering the most up-to-date technical features and the best user experience by leveraging on the reach of modern technology.

Our overall marketing strategy can be summarised into 3 broad stages as follows:

- (i) growing the subscriber base;
- (ii) increasing transaction volume and value and raising the public awareness of our Company; and
- (iii) general marketing strategies through different distribution channels.

6. INDUSTRY OVERVIEW AND FUTURE PLANS (CONT'D)

6.3.6 Future Plans

Our Group expects to invest approximately RM2 million to RM6 million over the next 2 to 5 years to keep our Group at the forefront of e-commerce and m-commerce for banking and stockbroking industries. In addition to the planned product development, our Group will continue to seek new business opportunities by developing products and services to cater for other related and synergistic industries, such as commodity, future indices, unit trusts, stocks' options and other exchange traded products.

In addition, our management have been paying close attention to the development and evolving trends of online brokerage business in Singapore as it is an integral process of our business development and product development strategy to benchmark it against competing ASPs not only in Malaysia, but also in Singapore.

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7. SUMMARY OF THE 5-YEAR BUSINESS PLAN

This is a summary of our 5-year business development plan for the purpose of inclusion in this Prospectus.

7.1 Business Overview

We are principally involved in the provision of systems, applications and services to online stockbroking companies based on the ASP business model. The ASP business model is a form of outsourcing in which stockbroking companies can entirely offload specific IT functions onto a service provider such as our Company. It is our view that such a model offers significant commercial and operational advantages over the traditional "Outright Purchase" model where the online stockbroking company buys from a software vendor the online trading application which has been developed for one-to-one basis.

7.2 Revenue Models

At present, our principal product is eBrokerConnect™, which contributed to approximately 34.64% of our revenue for the financial period ended 30 June 2005. The revenue structure of eBrokerConnect™ provides a two-way hedge against the unpredictable nature of stock market, with fixed monthly subscription fees, which provide a comfortable financial buffer through lean periods, and variable transaction fees, which move in tandem with transaction volume.

Our revenue model is derived from 3 principal sources:

- (i) Provision of ASP products and services to stockbroking companies and banks;
- (ii) Provision of mobile trading and related services, which includes PDACoconnect™ and MobileConnect™, which allow the public to access real-time stock market information via PDA and Java-based mobile phones; and
- (iii) Sale of mobile devices through partnership with Telcos and device manufacturers, where we offer value added packages to its customers at discounted price on mobile devices, telecommunication services and mobile stock market applications aimed to further improve the application subscription business.

7.3 Business Objectives

We had laid out the following as its principal business objectives:

- (i) To be the dominant e-trading business solution provider in South East Asia region;
- (ii) To replicate our successful business models in neighbouring countries; and
- (iii) To further grow our corporate and retail customers in both local and foreign countries.

We also aspire to deliver value added services to both local and overseas customers, specialising in online and mobile stock trading.

7. SUMMARY OF THE 5-YEAR BUSINESS PLAN (*CONT'D*)

7.4 Key Business Strategies

(i) Business development strategies:

- (a) To secure more stockbroking companies and banks' outsourcing e-business;
- (b) Acquisition of new retail customers via smart partnership with local Telcos and device manufacturers such as HP, Nokia, Sony Ericsson and Motorola;
- (c) Replicating and expanding the business to Singapore and offering a similar business model with focus on cross trading business between Bursa Securities and SGX-ST; and
- (d) Forming strategic partnership with foreign Telcos and device manufacturers in Singapore.

(ii) Marketing strategies

Our marketing strategies are, among others, the following:

- (a) Primary stage - growing the subscriber base through a combination of competitive pricing, product differentiation and strategic alliance strategies;
- (b) Secondary stage - increasing transaction volume and value and raising public awareness of our solutions and services; and
- (c) General marketing strategies.

7.5 Research and Development

We place emphasis on developing and enhancing our solutions to provide a user-friendly, customer-centric and improve the scalability, practicability and marketability of our solutions. Our Group's R&D encompasses the following methodologies:

- (i) Focusing on strategic products and services that complement and add significant value to our current products and services;
- (ii) Focusing on providing competitive advantages that will increase the appeal of our products and services, to grow new business and penetrate new market segments; and
- (iii) Focusing on providing new, innovative, customer-centric and market driven products and services.

7.6 Human Resource Plan

In line with our business strategies to build the Malaysian office as the central development hub for our overseas businesses, specialising in stockbroking and online banking business, our Group plans to expand our R&D team to 125 personnel by the year 2008 and to make our presence known in 3 foreign countries namely, Singapore, Indonesia and China. We expect N2NS to be fully operational by 2006 and will be headed by a country manager with 4 sales support and customer service personnel.

7. SUMMARY OF THE 5-YEAR BUSINESS PLAN (CONT'D)

7.7 Products, Services and Technology Development

We plan to increase our efforts in enhancing and perfecting the seamless integration of our service orientated e-business solutions.

7.8 Conclusion

We are working towards becoming a leading and progressive e-business provider company in Malaysia and Singapore. With the MSC Status, we are targeting to penetrate a developed market overseas with our Group's business strategies, human resource plan and products and services development.

Our management firmly believes that our Company is well-positioned to capture significant benefits from the on-going evolvement of the key trends namely, the realisation of online brokerage as a viable and profitable e-commerce model in Malaysia and Singapore, the m-commerce potential promised by dynamic mobile phone usage and growth and importantly, discount brokerage gaining momentum and going mainstream under governmental encouragement.

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8. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS, KEY MANAGEMENT AND TECHNICAL PERSONNEL

8.1 OUR DIRECTORS

8.1.1 Profiles

Details of our Directors are as follows:

Izlan bin Izhab, a Malaysian aged 60, is our Independent Non-Executive Chairman. He was appointed to our Board on 22 August 2005. He holds a Bachelor of Laws degree from the University of London, UK and attended the Advanced Management Program at the University of Hawaii, USA. He occasionally lectures on Malaysian securities law, companies law and corporate governance for various public and private sector consultancy and training organisations. He was the Executive Vice-President of Corporate and Legal Affairs of Bursa Malaysia Berhad from 1985 until his retirement in 2000. He was also serving as Company Secretary for Kompleks Kewangan Malaysia Berhad from 1975 to 1978, before becoming the Company Secretary for Permodalan Nasional Berhad from 1978 to 1984. He began his career by serving as an Assistant Legal Officer for Majlis Amanah Rakyat in 1973. He is currently a Director of Bumiputra-Commerce Holdings Berhad (*formerly known as Commerce Asset-Holding Berhad*), Nexnews Berhad, Apex Equity Holdings Berhad, GUH Holdings Bhd (*formerly known as Grand United Holdings Bhd*), Malaysia Airports Holdings Berhad, Ramunia Holdings Berhad and OSK-UOB Unit Trust Management Berhad.

Tiang Boon Hwa, a Singaporean aged 42, is one of our founders and our Managing Director. He was appointed to our Board on 24 August 2000. He obtained his Diploma in Computer Studies from City and Guilds of London Institute, UK in 1982. His main responsibilities include management of our Group's overall business, technology and financial matters. He started his career as a programmer with SGV Goh Tan Pte Ltd, a Singapore accounting cum software house and was promoted to senior consultant at the age of 25. In 1988, he left SGV Goh Tan Pte Ltd and headed the regional audit division (IT audit) of Citibank N.A South Asia, based in Singapore and was subsequently awarded the Best IT Auditor for Asia Pacific Region in 1989. He joined Computer Associates Pte Ltd in 1990 as an account manager and quickly rose to become the managing director for Computer Associates Pte Ltd's subsidiary in Malaysia in 1992. Later, he joined i2 Technologies Pte Ltd in 1996 as a regional director to set presence in several Asian countries. In 1998, he joined Exact Software Asia Sdn Bhd to start up the Asia Development Centre. Having gained wide exposure in both information technology and business operations, he began his entrepreneur pursuit by starting N2N, in year 2000 together with several friends.

Chua Tiong Hoong, a Malaysian aged 35, is one of our founders and currently our Executive Director. He was appointed to our Board on 10 August 2000. He graduated with a Bachelor of Science in Computer Science (Double Major in Mathematics and Computing) degree from the University of Adelaide (Australia) in 1992. His main responsibility includes managing the day-to-day operations focusing on project implementation and technical operations of our Group. He started his career as a network engineer at Applied Business System Sdn Bhd in 1993. He was later responsible for project development and also managing the company's helpdesk. In 1994, he joined MicroForest Systems (M) Sdn Bhd as a project manager to spearhead the implementation of resource planning, point-of-sales and back end systems for retail and manufacturing industries. He also supported the multilevel marketing and chemical manufacturing system. From 1997 to 2000, he was with Exact Software Asia Sdn Bhd as an assistant manager responsible for system development, specialising in Enterprise Resources Planning System. He founded N2N together with the founder members in 2000.

8. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

Lai Su Ping, a Malaysian aged 34, is one of our founders and currently our Executive Director of corporate events. She was appointed to our Board on 10 August 2000. She obtained her Diploma in Marketing from the Chartered Institute of Marketing, UK in 1991. She is primarily responsible for the corporate events and public relations of our Company. She started her career in 1988 as a marketing executive for Yvonex Sdn Bhd and later she joined Kumpulan Jetson Berhad as a project executive specialising in events and exhibition organisation. In 1994, she joined Computer Associates (M) Sdn Bhd as a channel manager where she was instrumental in establishing a customer service team as well as setting up channel sales via the appointment of product distributors.

Cho Wai Loon, a Malaysian aged 41, is our Independent Non-Executive Director. He was appointed to our Board on 22 August 2005. He is a fellow member of the Association of Chartered Certified Accountants ("ACCA") and Malaysian Institute of Taxation as well as a member of the Malaysian Institute of Accountants. He has more than 20 years of experience in the field of management consulting, accounting and taxation. He started out his accountancy career as a trainee in 1982. From 1982 to 1994, he was attached to several public accounting firms gaining multiple experiences. He currently operates his own practice providing management consultancy, secretarial and accounting services.

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8. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

8.1.2 Shareholdings in our Company

The table below sets out our Directors and their interest in our Company, before and after the Issues, and assuming full exercise of the Options, are as follows:

Designation	Before Issues ⁶		After Issues ⁷		After Issues and assuming full exercise of the Options ⁸	
	Direct No. of N2N Shares held	Indirect No. of N2N Shares held	Direct No. of N2N Shares held	Indirect No. of N2N Shares held	Direct No. of N2N Shares held	Indirect No. of N2N Shares held
Izlan bin Izzah Independent Non- Executive Chairman	-	-	-	-	-	-
Tiang Boon Hwa Managing Director	5,048,248	^39,838,091	8,582,022	^67,724,755	8,772,022	^67,724,755
Lai Su Ping Executive Director	5,048,248	^39,838,091	8,582,022	^67,724,755	8,662,022	^67,724,755
Chua Tiong Hoong Executive Director	509,810	-	1,240,677	0.92	1,340,677	0.90
Cho Wai Loon Independent Non- Executive Director	-	-	170,000	0.13	170,000	0.11

Notes:

@ Based on Register of Directors' Shareholdings of N2N as at 14 October 2005.

^ Deemed interested in N2N Holdings by virtue of Section 6A of the Act.

Assuming our eligible Directors and employees have fully taken up their entitlements to the pink form shares and Options.

8. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

8.1.3 Previous or Existing Directorships and Substantial Shareholdings in other Public Corporations

Except as disclosed below, our Directors do not have any directorships and substantial shareholdings (representing 5% or more of the issued and paid-up share capital) in other public corporations incorporated in Malaysia and overseas in the past 2 years:

Name	Company	<-----Directorships----->		Direct shareholding %
		Date of appointment	Date of resignation	
Izlan bin Izhah	Apex Equity Holdings Bhd	28.03.03	-	-
	Bumiputra-Commerce Holdings Berhad (formerly known as Commerce Asset-Holding Berhad)	26.07.04	-	-
	GUH Holdings Bhd (formerly known as Grand United Holdings Bhd)	19.12.01	-	-
	Malaysia Airport Holdings Berhad	01.06.05	-	-
	Nexnews Berhad	08.01.03	-	-
	OSK-UOB Unit Trust Management Berhad	23.01.03	-	-
	Ramunia Holdings Berhad	01.09.04	-	-
Cho Wai Loon	Millenium Energy Berhad	14.03.00	-	50.00

8.1.4 Directors' Remuneration

The aggregate remuneration and benefits paid by our Company to the Directors for services rendered to our Group in all capacities for the financial year ended 31 December 2004 amounted to RM242,713. The aggregate remuneration and benefits of our Directors for the financial year ending 31 December 2005 for services rendered to our Group in all capacities is forecast to be approximately RM397,520.

The various remuneration bands for our Directors are set out below:

Remuneration Band	Number of Directors	
	Financial year ended 31 December 2004	Financial year ending 31 December 2005
RM1,001 – RM50,000	-	2
RM50,001 – RM100,000	3	2
RM100,001 – RM150,000	-	-
RM150,001 – RM200,000	-	-
RM200,001 – RM250,000	-	1

8.1.5 Interests in other Businesses/Corporations

Our Executive Directors are not involved in other businesses and/or corporations.

8.2 AUDIT COMMITTEE

Our Audit Committee currently comprise the following members:

Name	Designation	Directorship
Izlan bin Izhah	Chairman of the Committee	Independent Non-Executive Chairman
Cho Wai Loon	Member of the Committee	Independent Non-Executive Director
Chua Tiong Hoong	Member of the Committee	Non-Independent Executive Director

8. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (*CONT'D*)

8.3 OUR PROMOTERS

8.3.1 Profile

The profiles of **Tiang Boon Hwa, Lai Su Ping, Chua Tiong Hoong and N2N Holdings**, are set out in Section 8.1.1 and Section 8.4.1 of this Prospectus respectively while the profile of **Lim Kok Tean, Chan See Wai and Low Kah Leong** are as follows:

Lim Kok Tean, a Malaysian aged 33, is one of our founders and currently our Technical Director. His current responsibilities are designing and developing system architecture and integrated suite of online trading, settlement and financial systems. He graduated with a Bachelor of Science in Computer Science degree from Campbell University, USA in 1996. He started his career as a software engineer in News Page Pte Ltd, Singapore. He was later transferred to its Malaysian office in 1997 and was involved in system programming for wireless communication systems. He joined Exact Software Asia Sdn Bhd in 1999 as a senior software engineer and was involved in enterprise resources planning system. He became a Microsoft certified professional in 1999.

Chan See Wai, a Malaysian aged 32, is one of our founders and currently our Technical Director. His main responsibility is the development and implementation of mobile and internet real-time stock price streaming application and related trading system. He graduated with a Bachelor of Science (Honours) in Computer Science degree from the Western Michigan University, USA in 1993. He has a total of 11 years of working experience in system development and management. In 1993, he began his career in BASS Consulting Sdn Bhd ("BASS") as an analyst programmer responsible for feasibility study, design, programming and implementation of the internet online trading system. Subsequently, he joined Federal Computer System Sdn Bhd in 1998 and was involved in the designing and implementation of interactive voice response system and tele-banking system.

Low Kah Leong, a Malaysian aged 36, is one of our founders and currently our Technical Director. He is primarily responsible for the development and implementation of the mobile content services. He graduated with a Bachelor of Science (Honours) in Information Technology and Business Computing degree from the University of Wales, UK in 1997. He has a total of 12 years of experience in systems and projects management. In 1992, he started his career as a programmer in Arab-Malaysian Finance Berhad. In 1994, he joined BASS as an analyst programmer and was involved in feasibility study, design, programming and implementation of the internet online trading system. He was also involved in stockbroking companies' back office and risk management systems. In 1997, he left BASS to join JF Technology Sdn Bhd as a consultant and was involved in the designing and implementation of online travel booking and reservation system. In 1998, he joined Exact Software Asia Sdn Bhd as a project team leader and was involved in the maintenance and implementation of enterprise resources planning system.

8. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

8.3.2 Shareholdings in our Company

The table below sets out our promoters and their interest in our Company, before and after the Issues, and assuming full exercise of the Options, are as follows:

Nationality/ Place of incorporation	Before Issues [@]		After Issues [^]		After Issues and assuming full exercise the Options [#]		
	Direct	Indirect	Direct	Indirect	Direct	Indirect	
	No. of N2N Shares held	%	No. of N2N Shares held	%	No. of N2N Shares held	%	
N2N Holdings	39,838,091	59.02	-	-	67,724,755	45.56	-
Tiang Boon Hwa	5,048,248	7.48	39,838,091	59.02	8,582,022	5.90	67,724,755
Lai Su Ping	5,048,248	7.48	39,838,091	59.02	8,582,022	5.83	67,724,755
Chua Tiong Hoong	509,810	0.76	-	-	1,240,677	0.90	-
Lim Kok Tean	2,288,310	3.39	-	-	4,247,127	3.02	-
Low Kah Leong	2,424,361	3.59	-	-	4,478,414	3.18	-
Chan See Wai	2,442,932	3.62	-	-	4,509,984	3.20	-

Notes:

[@] Based on Register of Members of N2N as at 14 October 2005.

[^] Deemed interested through in N2N Holdings by virtue of Section 6A of the Act.

[#] Assuming our eligible Directors and employees have fully taken up their entitlements to the pink form shares and Options.

8. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

8.3.3 Previous or Existing Directorships and Substantial Shareholdings in other Public Corporations

Our promoters do not have any directorships and substantial shareholdings (representing 5% or more of the issued and paid-up share capital) in other public corporations incorporated in Malaysia and overseas in the past 2 years.

8.3.4 Our promoters' knowledge and experience are set out in Section 8.3.1 of this Prospectus.

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8. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

8.3.5 The table below sets out the changes in the direct and indirect shareholdings of our promoters for the past 3 years up to the date of registration of this Prospectus are as follows:

Promoter	As at 9 June 2003				As at 13 October 2003				As at 6 April 2004			
	←-----Direct----->		←-----Indirect----->		←-----Direct----->		←-----Indirect----->		←-----Direct----->		←-----Indirect----->	
	No. of N2N Shares held	%	No. of N2N Shares held	%	No. of N2N Shares held	%	No. of N2N Shares held	%	No. of N2N Shares held	%	No. of N2N Shares held	%
N2N Holdings	-	-	-	-	-	-	-	-	-	-	-	-
Tiang Boon Hwa	480,000	32.00	-	-	3,030,000	30.30	-	-	3,099,000	23.48	-	-
Lai Su Ping	750,000	50.00	-	-	6,089,600	60.90	-	-	6,089,600	46.13	-	-
Chua Tiong Hoong	65,771	4.38	-	-	213,000	2.13	-	-	213,000	1.61	-	-
Lim Kok Tean	62,992	4.20	-	-	204,000	2.04	-	-	204,000	1.55	-	-
Low Kah Leong	62,992	4.20	-	-	204,000	2.04	-	-	204,000	1.55	-	-
Chan See Wai	62,992	4.20	-	-	204,000	2.04	-	-	204,000	1.55	-	-

8. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

8.3.5 The table below sets out the changes in the direct and indirect shareholdings of our promoters for the past 3 years up to the date of registration of this Prospectus are as follows (cont'd):

Promoter	As at 4 August 2004				As at 23 September 2004				As at 26 October 2004				As at 5 August 2005			
	Direct		Indirect		Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of N2N Shares held	%	No. of N2N Shares held	%	No. of N2N Shares held	%	No. of N2N Shares held	%	No. of N2N Shares held	%	No. of N2N Shares held	%	No. of N2N Shares held	%	No. of N2N Shares held	%
N2N Holdings	-	-	-	-	7,790,560	59.02	-	-	39,838,091	59.02	-	-	39,838,091	59.02	-	-
Tiang Boon Hwa	6,015,786	45.57	-	-	987,213	7.48	[^] 7,790,560	59.02	5,048,248	7.48	[^] 39,838,091	59.02	5,048,248	7.48	[^] 39,838,091	59.02
Lai Su Ping	3,172,814	24.04	-	-	987,213	7.48	[^] 7,790,560	59.02	5,048,248	7.48	[^] 39,838,091	59.02	5,048,248	7.48	[^] 39,838,091	59.02
Chua Tiong Hoong	213,000	1.61	-	-	64,189	0.49	-	-	328,239	0.49	-	-	509,810	0.76	-	-
Lim Kok Tean	204,000	1.55	-	-	61,475	0.47	-	-	314,361	0.47	-	-	2,288,310	3.39	-	-
Low Kah Leong	204,000	1.55	-	-	61,475	0.47	-	-	314,361	0.47	-	-	2,424,361	3.59	-	-
Chan See Wai	204,000	1.55	-	-	61,475	0.47	-	-	314,361	0.47	-	-	2,442,932	3.62	-	-

Note:

[^] Deemed interested in N2N Holdings by virtue of Section 6A of the Act.

8. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

8.4 OUR SUBSTANTIAL SHAREHOLDERS

8.4.1 Profiles

The profiles of **Tiang Boon Hwa** and **Lai Su Ping** are set out in Sections 8.1.1 of this Prospectus. The profile of **N2N Holdings** is set out below:

N2N Holdings was incorporated in Malaysia on 13 July 2004 under the Act as a private limited company. The principal activity of the company is investment holding.

As at 14 October 2005, the authorised share capital of N2N Holdings is RM100,000 comprising 1,000,000 ordinary shares of RM0.10 each, whereas the issued and paid-up share capital is RM100 comprising 1,000 ordinary shares of RM0.10 each.

The details of the directors and substantial shareholders of N2N Holdings are as follows:

Directors/ Substantial shareholders	Nationality	-----Direct-----		-----Indirect-----	
		No. of ordinary shares of RM0.10 each	%	No. of ordinary shares of RM0.10 each	%
Tiang Boon Hwa	Singaporean	646	64.60	-	-
Lai Su Ping	Malaysian	280	28.00	-	-
Chua Tiong Hoong	Malaysian	20	2.00	-	-

As N2N Holdings was only incorporated on 13 July 2004, there is no audited financial statement available yet.

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8. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

8.4.2 Shareholdings in our Company

The table below sets out our substantial shareholders and their interest in our Company, before and after the Issues, and assuming full exercise of the Options, are as follows:

Nationality / Place of incorporation	Before Issues ⁶		After Issues ⁷		After Issues and assuming full exercise of the Options [#]	
	No. of N2N Shares held	%	No. of N2N Shares held	%	No. of N2N Shares held	%
N2N Holdings	39,838,091	59.02	-	-	67,724,755	45.56
Tiang Boon Hwa	5,048,248	7.48	^39,838,091	59.02	8,582,022	5.90
Lai Su Ping	5,048,248	7.48	^39,838,091	59.02	8,582,022	5.90

Notes:

@ Based on the Register of Substantial Shareholders as at 14 October 2005.

^ Deemed interested through N2N Holdings by virtue of Section 6A of the Act.

Assuming our eligible Directors and employees have fully taken up their entitlements to the pink form shares and Options.

8. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

8.4.3 Previous or Existing Directorships or Substantial Shareholdings in other Public Corporations

Our substantial shareholders do not have any directorships and substantial shareholdings (representing 5% or more of the issued and paid-up share capital) in other public corporations incorporated in Malaysia and overseas in the past 2 years.

8.4.4 The changes in the direct and indirect shareholdings of the substantial shareholders of our Company namely N2N Holdings, Tiang Boon Hwa and Lai Su Ping for the past 3 years up to the date of registration of this Prospectus are set out in Section 8.3.5 of this Prospectus.

8.5 OUR KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

8.5.1 Profiles

Our key management and key technical personnel team is headed by Tiang Boon Hwa, our Managing Director and the other Executive Directors. The members of our key management and key technical personnel are as follows:

Elaine Foong Sooi Jade, a Malaysian aged 30, joined our Group in June 2004 as the Finance Manager. She is responsible for managing our financial and accounting functions, statutory reporting and corporate affairs. Prior to joining N2N, Elaine was with Chio Lim & Associates, Singapore from August 2001 and KPMG, an international accounting firm from December 1998 where she gained extensive experience in auditing, taxation, accounting and corporate finance fields. She holds a Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman college in 1998 and she is a member of the Association of Chartered Certified Accountants ("ACCA") and the Malaysian Institute of Accountants.

The profiles of **Lim Kok Tean**, **Chan See Wai** and **Low Kah Leong** are set out under Section 8.3.1 of this Prospectus.

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8. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

8.5.2 Shareholdings in our Company

The table below sets out our key management and technical personnel, and their interest in our Company, before and after the Issues, and assuming full exercise of the Options, are as follows:

Key Management and Key Technical Personnel	Designation	Before Issues [@]		After Issues [#]		After Issues and assuming full exercise the Options [#]							
		Direct	Indirect	Direct	Indirect	Direct	Indirect						
		No. of N2N Shares held	%	No. of N2N Shares held	%	No. of N2N Shares held	%						
Lim Kok Tean	Technical Director – Online Trading Services	2,288,310	3.39	-	-	4,247,127	3.14	-	-	4,495,127	3.02	-	-
Low Kah Leong	Technical Director – Mobile Content Services	2,424,361	3.59	-	-	4,478,414	3.31	-	-	4,726,414	3.18	-	-
Chan See Wai	Technical Director – Mobile Trading Services	2,442,932	3.62	-	-	4,509,984	3.34	-	-	4,757,984	3.20	-	-
Elaine Foong Sooi Jade	Finance Manager	-	-	-	-	51,000	0.03	-	-	226,000	0.15	-	-

Notes:

@ Based on Register of Members as at 14 October 2005.

Assuming our eligible Directors and employees have fully taken up their entitlements to the pink form shares and Options.

8. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

8.5.3 Previous or Existing Directorships and Substantial Shareholdings in other Public Corporations

Our key management and key technical personnel do not have any directorships and substantial shareholdings (representing 5% or more of the issued and paid-up share capital) in other public corporations incorporated in Malaysia and overseas in the past 2 years.

8.5.4 Interests in other Businesses/Corporations

Our key management and technical personnel are not involved in other businesses/corporations.

8.6 SERVICE AGREEMENTS

Except as disclosed below and for the contracts expiring or terminable by the employing company without payment or compensations (other than statutory compensation), we have no existing or proposed service agreements between our Directors, key management and key technical personnel with us and/or our subsidiary:

Our Company entered into a Service Agreement dated 29 September 2004 with Tiang Boon Hwa ("TBH") for the appointment of TBH to act as our Managing Director or in such other capacity as we may designate at a salary of RM18,000 per month for a term commencing from 1 October 2004 and subject to termination by either party giving 6 months notice in writing ("Term"). We shall have the discretion to terminate TBH's employment lawfully (without notice or on notice less than that required under the Term above), by paying to TBH a sum equal to RM2,000,000 in addition to his salary and value of contractual benefits due to him in respect of that part of the period of the Term, which we have not given to TBH or the unexpired part of such fixed term.

8.7 RELATIONSHIPS AND ASSOCIATIONS

There is no relationship and association between our Directors, promoters, substantial shareholders and key management and technical personnel except for the following:

- (i) Tiang Boon Hwa and Lai Su Ping are husband and wife;
- (ii) Tiang Boon Hwa, Lai Su Ping, Chua Tiong Hoong, Chan See Wai, Low Kah Leong and Lim Kok Tean are the shareholders of N2N Holdings;
- (iii) Tiang Boon Hwa and Lai Su Ping are the directors and substantial shareholders of N2N Holdings; and
- (iv) Chua Tiong Hoong is a director of N2N Holdings.

8. INFORMATION ON OUR DIRECTORS, PROMOTERS, SUBSTANTIAL SHAREHOLDERS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

8.8 DECLARATION

None of our Directors, key management and technical personnel of our Group are or have been involved in any of the following events (whether in or outside Malaysia):

- (i) a petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he was or is a partner or any corporation of which he was or is a director, key management and/or technical personnel;
- (ii) a charge and/or conviction in a criminal proceeding or is a named subject of a pending criminal proceeding; or
- (iii) being the subject of any order, judgement or ruling of any court of competent jurisdiction temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

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9. APPROVALS, CONDITIONS AND MORATORIUM

9.1 APPROVALS AND CONDITIONS

Bursa Securities and the SC approved the ESOS and Issues on 3 March 2005, and 22 June 2005 and 4 October 2005 respectively. The conditions imposed by the authorities and status of compliance are as follows:

Authority	Date of approval	Details of conditions imposed	Status of compliance
Bursa Securities	3 March 2005	(i) N2N to announce the quarterly results for the period ended 31 March 2005 at least 2 market days prior to the listing date; and	Will be complied.
		(ii) N2N and CIMB are required to ensure full compliance of all the requirements pertaining to the Bonus Issue and ESOS as provided in the MMLR at all times.	Will be complied.
SC	22 June 2005	(i) N2N/CIMB to disclose the status of utilisation of proceeds in its periodic and annual reports until the proceeds are fully utilised;	Will be complied.
		(ii) N2N/CIMB to ensure that all provisions under MMLR are complied with;	Will be complied.
		(iii) N2N/CIMB to inform the SC upon completion of the proposed flotation on the MESDAQ Market; and	Will be complied.
		(iv) Approvals obtained from other relevant authorities, if any.	Complied. Our Company obtained the approval of Bursa Securities' on 3 March 2005.
SC	4 October 2005	N2N to allot 1,590,000 new N2N Shares in the form of public balloting instead of private placement.	Complied.

We were awarded the MSC status on 1 July 2004 by MDC and thus, are not subject to any equity condition pursuant to the flotation scheme under the Foreign Investment Committee's guideline on the acquisition of interests, mergers and take-overs by local and foreign interests.

9. APPROVALS, CONDITIONS AND MORATORIUM (CONT'D)

9.2 MORATORIUM ON THE DISPOSAL OF PROMOTERS' SHARES

Under the MMLR, shares held by the promoters amounting to 45% of the nominal issued and paid-up share capital upon Listing are subject to a moratorium on disposal. Our promoter namely, N2N Holdings, which is our single largest shareholder, will not be allowed to sell, transfer or assign of any part of its interest in N2N Shares under moratorium for a period 1 year from the date of our admission to the Official List of the MESDAQ Market. Thereafter, it may sell, transfer or, assign up to a maximum of one-third per annum on a straight-line basis of its shareholdings under moratorium.

The moratorium on disposal of our Shares by N2N Holdings have been computed after taking into consideration the maximum number of N2N Shares that could be issued under the ESOS within the moratorium period.

Pursuant to Clause 3.1 of the ESOS By-Laws, the aggregate number of our Shares available for the grant of Options under the ESOS shall not exceed 10% of our total issued and paid-up share capital at any one time. The number of N2N Shares allocated, in aggregate to our Directors and senior management shall not exceed 50% of the total new N2N Shares available under the Scheme.

The number of N2N Shares to be held under moratorium for each year is as follows:

	<-----No. of N2N Shares----->		
	Year 1	Year 2	Year 3
Share capital after the Public Issue	135,150,000	135,150,000	135,150,000
Maximum number of N2N Shares that can be issued under ESOS*	2,703,000	5,406,000	8,109,000
Maximum enlarged issued and paid-up capital	137,853,000	140,556,000	143,259,000
Percentage of N2N Shares under moratorium	45%	30%	15%
Number of N2N Shares under moratorium	62,033,850	42,166,800	21,488,850

Note:

* Assuming the Options granted over 5 years on a straight line basis, representing 20% of the total options granted per annum. However, the Company shall have the discretion to grant such number of Options, subject to the approval of the SC during the moratorium period.

Accordingly, the moratorium on disposal imposed on N2N Holdings will be as follows:

	<-----No. of N2N Shares----->		
	Year 1	Year 2	Year 3
N2N Holdings	62,033,850	42,166,800	21,488,850

This restriction is specifically endorsed on our share certificates representing the shareholding of the aforesaid promoter which are under moratorium, to ensure that our share registrar shall not register any transfer not in compliance with the moratorium restrictions. This restriction has been fully accepted by our promoter.

10. CONFLICT OF INTERESTS AND RELATED PARTY TRANSACTIONS

10.1 CONFLICT OF INTEREST

CIMB confirms that there is no existing or potential conflict of interest in its capacity as the Adviser, Managing Underwriter, Underwriter and Sponsor for our Listing as at the date of this Prospectus.

Messrs. Anuarul Azizan Chew & Co. and Messrs. Wong Beh & Toh have given their confirmation that there are no existing or potential conflicts of interest in their capacity as the Auditors and Reporting Accountants, and Solicitors for our Listing respectively.

10.2 RELATED PARTY TRANSACTIONS WITH OUR GROUP'S DIRECTORS, SUBSTANTIAL SHAREHOLDERS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

10.2.1 There are no contracts, arrangements or transactions, existing or proposed, entered or to be entered by us or our subsidiary which involve the interest, direct or indirect, of our Directors, substantial shareholders and/or persons connected to them as defined under Section 122A of the Act, or key management or technical personnel of our Group.

10.2.2 There are no transactions that are unusual in its nature or conditions, involving goods, services, or tangible or intangible assets, to which we or our subsidiary was a party in respect of the past 6 months financial period ended 30 June 2005 and in the subsequent financial period immediately preceding the date of this Prospectus.

10.2.3 There are no amount of outstanding loans (including guarantees of any kind) made by us or our subsidiary to or for the benefit of any of our Directors, substantial shareholders and/or persons connected to them as defined under Section 122A of the Act as at the date of this Prospectus.

10.3 INTEREST IN A SIMILAR TRADE

Our Directors and substantial shareholders do not have any interest, direct or indirect, in any business or corporation carrying on a similar trade as our Company and/or our subsidiary.

10.4 INTERESTS IN MATERIAL ASSETS

Except as disclosed below, our Directors and substantial shareholders do not have any interest, direct or indirect, in the promotion of, or in any material assets which have been, within the 2 years before the date of this Prospectus, acquired by, disposed of by or leased to us or our subsidiary, or proposed to be acquired by, disposed of by or leased to us or our subsidiary:

- (i) sale by Tiang Boon Hwa of a Kia Carnival Year 2000 2.5v MPV to our Company at RM80,000 on 20 July 2004; and
- (ii) sale by Tiang Boon Hwa of 1 ordinary share of SGD1.00 each in N2NS to our Company at RM2.20 on 24 June 2004.